

INVITING FRIENDLY AND DEMOCRATIC NATIONS TO  
CONSULT WITH THE NATIONS OF SOUTH ASIA

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Mr. KENNEDY, from the Committee on Foreign Relations, submitted the following

## REPORT

[To accompany S. Con. Res. 11]

The Committee on Foreign Relations, having had under consideration Senate Concurrent Resolution 11, recommending that a mission composed of the United States and other friendly, democratic countries consult with governments of South Asia on their economic problems, reports the resolution with amendments and recommends that, as amended, it be adopted by the Senate.

## PURPOSE OF THE RESOLUTION

This resolution, as amended, expresses the sense of the Congress that the President of the United States should explore with other free and democratic nations and appropriate international organizations the advisability of establishing an international mission that would consult with south Asian governments on the scope and nature of their economic requirements and anticipated development programs; the mission, as contemplated by this resolution, would also consider and recommend methods by which participant countries could jointly assist these south Asian governments in the fulfillment of their economic plans.

## BACKGROUND OF THE RESOLUTION AND COMMITTEE ACTION

As originally introduced, the resolution applied only to India. Consultation with the Department of State led to the view that by specifying India as the object of special concern, the United States might impose strains on India's relations with neighboring countries. It was decided, therefore, to broaden the resolution so as to include all countries in the geographic area known as south Asia, thus encouraging joint action on such projects as development of the Indus

River. In this form, the resolution has the approval of the Department of State.

The resolution was introduced in the Senate on February 19, 1959, by Senator Kennedy for himself and Senator Cooper. The Committee on Foreign Relations considered it in public session on July 14 and in executive session on July 21 and 23. Witnesses appearing on behalf of the resolution on the first occasion were the cosponsors, Senators Kennedy and Cooper, and Congressman Chester Bowles, who has introduced a similar resolution in the House of Representatives.

The question of cost to the United States was raised; the committee is satisfied that the expenses involved would be slight, inasmuch as the resolution does not contemplate a permanent institution, but only a consultative mission. This distinction satisfied the committee that the resolution is entirely free of any moral commitment that would oblige the United States to contribute large sums of money to another international development program. The sponsors of the resolution do not seek to involve the United States in another assistance program, but to encourage other prosperous nations to take a greater and more active interest in the problems of south Asia, and to make the most effective use of existing U.S. agencies.

Some of the members were interested in whether the International Bank for Reconstruction and Development would participate in the mission. The sponsors and the Department of State agree that the IBRD should participate, and might serve such useful functions as providing staff. Consideration would also be given to a possible role for the U.N. Special Projects Fund.

The question was also raised as to whether the United States can except any support for ideas such as this one in Western Europe. It was pointed out that recent statements from the Continent indicate that many West European leaders are not only aware of their responsibilities, but feel they should be doing more to help the less advanced countries of the non-Communist world. In May of this year, the Action Committee for the United States of Europe, headed by Jean Monnet, issued a report calling for greater European effort in this area. In advocating greater exports of capital and more technical assistance to poorer countries, this report stated:

The decisive change for the underdeveloped areas today would be to break the present balance of poverty and make the first step in raising individual living standards. To achieve this, the necessary minimum would be an average increase of individual incomes in these areas by a quarter in 10 years.

Increasing individual incomes in the underdeveloped areas \* \* \* by an average of 25 percent in 10 years, that is, by roughly 2 percent a year, will require an annual contribution of external funds in addition to local savings of roughly \$7.5 billions, or about 1 percent of the total national income of the developed areas. Excluding Soviet aid, the advanced countries at present make an annual effort, including both public and private investments, of around \$3.5 billions. It would therefore be necessary to add \$4 billions more.

Other prominent Europeans—President de Gaulle among them—have spoken in similar terms. When he visited Washington in June, Walter Hallstein, President of the Commission of the European Economic Community, said this:

In Europe we are as aware as you that the world is facing a revolution of rising expectations among peoples who up till recently have felt no hope of sharing in the world's progress. At the same time the rapid pace of modern technology tends to widen rather than narrow the disparity in living standards between the industrialized and the less-developed countries. Our Community is determined to do its share in reducing that dangerous disparity which the Communists are exploiting to their own selfish ends. Our effort will not be a meager one. After all, the Community is the second largest industrial producer of the world. It is one of the greatest reservoirs of technical and administrative skills. Finally, it has the largest volume of trade with those areas which are on their way to development.

One of the members was interested in determining the effects of the resolution on the proposal to create an International Development Association and its effects upon existing lending agencies such as the IBRD. T. Graydon Upton, Assistant Secretary of the Treasury, testified on the background and progress of the proposed International Development Association, and on the amounts being contributed by the United States to existing international lending institutions. It is the position of the executive branch that the resolution is a purely exploratory measure and a useful one.

Another member was concerned that in the language of the resolution the mission would be composed of "outstanding citizens." It was felt that this might be interpreted as restricting the composition of the mission to private citizens. The committee satisfied this objection by striking the phrase "composed of outstanding citizens," thus leaving participant governments entirely free to appoint either private citizens or public officials to the mission.

#### COMMITTEE COMMENTS AND RECOMMENDATIONS

The geographic area encompassed by this resolution is an economically interconnected group of six countries—India, Pakistan, Burma, Afghanistan, Nepal, and Ceylon—and economic growth or economic misfortune in one of them affects all of them. More than 45 percent of the people living in so-called developing countries live in this area. Inevitably, they will exercise a profound influence on the future of the world. India alone will probably be the stage on which Asia's struggle against communism will be played out. India is the largest of the south Asian countries, both in area and population, which is currently estimated at 407 million and growing at the rate of 2 percent annually. It had been hoped that the second 5-year plan would raise India's gross national product by 5 percent annually, but the level reached thus far amounts to only 3½ percent. Furthermore, as a result of a \$672 million decline in farm income, per capita income fell by 2.8 percent in 1957–58, offsetting a rise of 3.6 percent in the previous year. The total proposed investment in this second plan has

been revised downward. In 1957, inflation shrunk the capital value of the budgeted funds by an estimated 12 percent. And in 1958, economic pressures compelled the Government to make a 5-percent cut. It is estimated that Red China's economic growth rate is at least  $2\frac{1}{2}$  times that of India's, with the disparity even wider in several significant areas. For example, India produced 1 million tons of steel in 1950, and 1.3 million tons in 1957. In this same period, Red China increased its production from 0.4 million tons to 4.5 million tons.

It is thought that participants in the proposed mission would include, besides the United States, West European countries and donor members of the Colombo plan, among them Japan. As noted, there is a growing awareness in these countries that their efforts in the direction of assistance are considerably less than they should be. This resolution will encourage them to act in concert; indeed, it has been suggested that the six so-called Common Market countries might participate as a single unit.

In sum, the committee feels that the area of south Asia clearly merits a review of its economic requirements, because developments there in the next decade are likely to have a profound effect on the concept of individual freedom and hence they will be of vital concern to the United States. It is equally clear to the committee that this review should have the participation of not one, but many of the free world's industrially advanced nations. The committee recommends, therefore, that the Senate adopt the committee amendment and agree to Senate Concurrent Resolution 11, as amended.

